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Part IV
International cooperation for development

Section 11B
International Trade Centre UNCTAD/WTO

Fourth report of the Advisory Committee for Administrative and Budgetary Questions on the proposed programme budget for the biennium 2002-2003

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/56/6/Add.1 (Sect. 11B)) containing the proposed programme budget for the International Trade Centre UNCTAD/WTO (ITC) for 2002-2003. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General at Headquarters and exchanged views with the representatives of the Centre in Geneva, through videoconferencing.

2. The Committee notes that the proposed budget is presented in accordance with the procedure and administrative arrangements outlined and recommended by the Advisory Committee in paragraph 11 of its report (A/53/7/Add.3), and endorsed by the General Assembly in its decision 53/411 B of 18 December 1998. In line with those arrangements, the Secretary-General submitted an outline for the proposed programme budget for the biennium 2002-2003 for ITC, as called for in the decision (see A/55/797). The estimated total resources indicated therein for the biennium 2002-2003 amounted to 60,544,600 Swiss francs, with income estimated at Sw F 1,000,000 and the United Nations share of the costs at Sw F 29,772,300 (equivalent to US$ 16,916,100 at the exchange rate of Sw F 1.76 to US$ 1). The increase of 3.7 per cent in real terms compared to the biennium 2000-2001 was attributed to the decision to fund an annual meeting of the Executive Forum and to strengthen the in-house expertise of ITC electronic trade, considered an increasingly critical factor in any export development strategy (A/55/7/Add.10, para. 3). The Committee, in its report (A/55/7/Add.10), recommended approval of the budget outline and the General Assembly, at its resumed fifty-fifth session, in its decision

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55/483 of 14 June 2001, took note of the report of the Secretary-General concurring with the related observations and recommendations of the Committee.

3. The Committee notes from the information contained in table 11B.1 and paragraph 11B.4 that the requirements of the International Trade Centre for 2002-2003 are estimated at Sw F 60,555,700. The updated amount represents an increase in real terms of 3.1 per cent instead of the 3.7 per cent indicated in the outline because of the availability of more precise data at the time of the preparation of the current submission. The biennial contribution of each organization is Sw F 30,277,900.

4. The Committee further notes that, on the basis of the exchange rate of Sw F 1.76 to US$ 1.00, the provision requested for the United Nations contribution for the biennium 2002-2003 would amount to $17,203,350, which as indicated in paragraph 11B.5 exceeds by some $287,250 the figure provided in the outline.

5. The Committee recalls that the World Trade Organization (WTO) reviews its budget on an annual basis, including its contribution to ITC. The Committee was informed that the estimates for ITC for 2002 were reviewed by the WTO Committee on Budget, Finance and Administration on 23 November 2001 and that, based on that review, it would be recommending to the WTO General Council the approval of the budget in the amount of Sw F 30,632,700 for ITC for 2002.

6. The Committee welcomes the presentation in the results-based budgeting format. In this regard, however, the Committee reiterates the observations and recommendations contained in paragraphs 4 to 18 of chapter I of its first report on the proposed programme budget for 2002-2003,[1] regarding the need for quantifiable and precise indicators of achievement. The Committee also recommends that the information contained in table 11B.1 be expanded to indicate the changes in percentage terms from one biennium to another.

7. The Committee recalls that the Executive Forum initiative was launched in 1999, on a trial basis, with a view towards strengthening the capacity of developing countries and countries with economies in transition to formulate and manage national export strategies. The process, which follows a 12-month cycle, was completed in 1999, in 2000 and currently in 2001 through extrabudgetary funding. In paragraph 4 of its report (A/55/7/Add.10), the Committee indicated that, due to its success, the view of ITC was that the Executive Forum should not be sustained without regular budget resources, noting that the activity was within the purview of the implementation of subprogramme 6 of programme 9 (Trade and Development), of the medium-term plan for the period 2002-2005 by the International Trade Centre. The proposal, therefore, is to mainstream the Executive Forum into the overall programme of work of ITC, to provide for predictable and ongoing regular budget resources for the related core activities while devoting extrabudgetary resources to the implementation at the field or regional level.

8. In that connection, the Committee was informed, upon enquiry, that the amount of regular budget resources included in the current presentation for the core activities of the Executive Forum during the biennium 2002-2003 amounted to approximately $400,000 (Sw F 750,000). A breakdown of the proposed staff and other increases, provided to the Committee is contained in the annex to the present report.

9. As shown in table 11B.2, the proposed number of regular budget posts for the Centre for 2002-2003 is 148 (74 Professional and 74 General Service), compared to 146 posts authorized for 2000-2001 (68 Professional and 78 General Service). The Committee notes that the increase in post-related requirements of $476,900 (1 per cent) over the 2000-2001 approved budget includes the establishment of six Professional posts (1 P-5, 2 P-3 and 3 P-2), partially offset by the abolition of four General Service posts, shown in table A.11B.2 and explained in paragraphs A.11B.2 to A.11B.4. These changes are the result of the strengthening of the areas related to electronic trade and information technology of the Centre. Furthermore, the reclassification to the P-5 level of the post for the Chief of the Information and Communications Section is also proposed to better reflect the level of responsibilities, which include the overall management of the central information technology section. **The Advisory Committee recommends acceptance of the staffing proposals.**

10. A provision for Sw F 828,600 is indicated in table A.11B.1 under consultants. The Committee notes that, of this total amount, Sw F 585,000 relates to assistance and participation in issues and meetings related to the Executive Forum, as indicated in paragraph A.11B.6; Sw F 219,600 relates to the introduction of the Integrated Management Information System (IMIS) in ITC (its implementation and customization of reports and future ITC requirements) and Sw F 24,000 relates to the actuarial study on the liability of the organization for after-service health insurance benefits. The Committee notes that the latter two provisions are of a non-recurrent nature.

11. The increase of Sw F 182,800, or 5.8 per cent over the Sw F 3,138,100 approved for 2000-2001, under contractual services mostly relates to system development costs related to the implementation of E-strategies and integration of IMIS data with other ITC systems (see para. A.11B.8 (e)). The provision for furniture and equipment also increases by Sw F 172,800 over the approved amount of Sw F 725,900 for 2000-2001 in view of the need to acquire and replace office automated and information technology equipment (Sw F 516,200) and furniture, building accommodation equipment, software and internal reproduction equipment (Sw F 382,500).

12. In paragraph 11B.6 it is noted that at the thirty-fourth session of the Joint Advisory Group, held in the spring of 2001, a proposal was made for issuing official documentation of the Group in the Arabic and Chinese languages, in addition to the current languages of issuance (English, French, Russian and Spanish). While observing that the administrative costs for this purpose should not be increased, it was agreed to bring the issue to the attention of the parent bodies of ITC. The Committee was informed that the related costs would amount to Sw F 98,000 for the biennium and that the report of the Joint Advisory Group had been submitted to WTO and the Trade and Development Board of the United Nations Conference on Trade and Development. No decision has been taken in this regard.

13. The Committee recalls that, in paragraph 6 of its report (A/55/7/Add.10), it requested that information be provided in the context of the submission of the budget of ITC for the biennium 2002-2003 as to the experience in applying the revised administrative arrangements endorsed by the General Assembly in its decision 53/411 B. The Committee was informed that the current submission, being the second one to be presented in compliance with the revised administrative

arrangements, would allow ITC to gain a better perspective of the functioning of the arrangements. ITC, therefore, will prepare a report for submission to the Advisory Committee and WTO during the first quarter of 2002 on the lessons learned (table 11B.4). The Committee will make further comments when it considers the awaited report. **In the meantime, the Committee recommends approval of the proposed resources under section 11B for the International Trade Centre UNCTAD/WTO.**

Annex

Excerpt of the ITC budget document submitted to WTO (document ITC/BUD/40)

Additional resources

1. The draft outline and outline documents already submitted to the CBFA for its review earlier this year highlighted areas in which real growth was proposed. The increases were estimated at CHF 1,122,000, relating to: (i) the Executive Forum on National Export Strategies, (ii) Electronic trade, (iii) the implementation of the financial system, IMIS (the UN's Integrated Management Information System), (iv) improved security coverage, (v) information and communication technology (ICT), and (vi) regradings. ITC is still proposing much the same but in view of the unavoidable statutory cost increases, have revised the overall proposal to a reduced level[1]:

Breakdown of proposed staff and other increases

	2002 proposed increases		
	Staff	Other	Total
Executive Forum on National Export Strategies	292,500	57,500	350,000
Electronic trade	227,600		227,600
IMIS	91,300	97,100	188,400
Information, Communications and Technology		100,000	100,000
Improved security coverage		60,000	60,000
Regradings	49,400		49,400
Subtotal	660,800	314,600	975,400
Miscellaneous increases (decreases):			
Temporary assistance	(57,100)		(57,100)
Other net increases (decreases)		1,300	1,300
Total	603,700	315,900	919,600

[1] For the Executive Forum, costs have been reduced mainly by mainstreaming some of the related publications into the regular publications programme. The two posts required for strengthening ITC's in-house capacity in the area of electronic trade are proposed for only partial funding in 2002 to take into account the recruitment process. The information technology requirements mainly relating to system design and development and consultancy requirements for implementing the finance and payroll releases of IMIS and provisions for temporary assistance for subsequent development or modification of reporting tools have been scaled back slightly. The cost of improved security coverage estimated at CHF 80,000 is being phased in during 2002, thus reducing the overall requirements by CHF 20,000 in 2002.